



The Voice of Rural & Regional Carriers

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November 11, 2010

Via ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: RM-11592
WT Docket No. 06-150; WT Docket No. 05-265; WT Docket No. 10-208
WC Docket No. 10-90
PS Docket No. 06-229
GN Docket No. 09-51**

Dear Ms. Dortch:

On November 10, 2010, Ben Moncrief and Eric Graham of Cellular South¹, Tim Donovan, Rural Cellular Association's (RCA)² Director of Legislative Affairs, and the undersigned met with Ruth Milkman, Jim Schlichting, Margaret Wiener, Rebekah Goodheart, Nese Guendelsberger, Katie King, Paul Murray, Tom Peters and Patrick DeGraba with the Federal Communications Commission (FCC or Commission) to discuss the lack of interoperability in the 700 MHz spectrum, a data roaming mandate, and USF reform.

RCA urged the FCC to immediately resolve interoperability concerns in the 700 MHz band. Lack of interoperability in the 700 MHz band will impose significant costs and burdens upon A Block licensees, which will competitively disadvantage smaller and regional carriers and their consumers. By delaying a decision on interoperability, the FCC is denying rural America access to 4G service. Cellular South paid \$192 million dollars for licenses in Auction No. 73 and for months has been prepared to immediately put available capital to work to deploy its 700 MHz network in compliance with the FCC's build-out requirements and for the benefit of its rural and regional consumers. But, without the certainty of interoperability across the 700 MHz spectrum, Cellular South's capital will remain on the sidelines – unable to create jobs or increase economic activity within its 700 MHz license area.

Collectively, the rural and regional carriers holding Lower A licenses do not have the scale or scope to attract equipment manufacturers making Band Class 17 or Band Class 13 equipment to produce Band Class 12 equipment at reasonable costs. Even where Band 12 equipment can be made available, the costs are unnecessarily inflated by the limited scale resulting from the lack of interoperability across

¹ Cellular South, headquartered in Ridgeland, Mississippi, is the nation's largest privately held wireless provider and is the nation's eighth largest provider. Cellular South's wireless coverage extends throughout all of Mississippi and most of Tennessee and Alabama. Cellular South has the largest, contiguous A and B blocks of 700 MHz spectrum in the U.S.

² RCA is an association representing the interests of nearly 100 regional and rural wireless licensees providing commercial services to subscribers throughout the Nation and licensed to serve more than 80 percent of the country.

the 700 MHz bands. If such equipment were produced, it would not be technically capable of roaming outside of Band Class 12 deployed networks. Nevertheless, rural and regional carriers like Cellular South may have no choice but to reduce the speed and size of their 700 MHz deployment and pay the unnecessarily inflated costs of Band 12 equipment and devices if it wants to compete with Verizon Wireless and AT&T in the 4G market.

The FCC asked about the viability of Verizon's LTE in Rural American Partnership Program. Cellular South stated that Verizon's Plan provides a limited number of rural carriers with nominal opportunity to add or extend their 4G coverage in a way that only fills Verizon's coverage gaps. Additionally, Lower A licensees paid a significant amount of money for their spectrum, more than Verizon paid for the C block per MHz/pop, and have stringent geographic-based build-out requirements. Considering these strict build-out requirements, Cellular South will focus on building its own business, not helping Verizon expand its network.

While the Verizon LTE in Rural America Partnership Program is not the desired approach for most RCA members, without interoperability, rural carriers may agree to partner with Verizon in order to gain access to equipment and devices necessary to bring 4G LTE to rural America. This is true despite the fact that equipment available through the LTE in Rural America Partnership Program will not be interoperable with other 700 MHz spectrum. Due to the lack of interoperability, participation in this program further diminishes the scale for the remainder of 700 MHz Lower A block licensees to secure 4G LTE equipment. As it did for cellular spectrum during the Reagan administration, RCA requested that the FCC mandate interoperability in the 700 MHz band.

In addition to interoperability, RCA described how its members have limited options to obtain nationwide data roaming, but their customers still expect nationwide coverage and comparable services to their urban counterparts. Larger carriers are blocking rural and regional carriers from obtaining data roaming with reasonable terms and conditions because there is no regulatory mandate. RCA plans to supplement the record to provide examples of how AT&T and Verizon have blocked rural and regional carriers from negotiating data roaming agreements with reasonable rates. After a year of negotiations, Cellular South now has a data roaming agreement with one of the larger carriers.

Regarding USF reform, RCA questioned the success of the FCC's proposed Mobility Fund because it does not adequately support operating expenses and because it does not fund 4G networks or operating expenses. Most of RCA's members, including Cellular South, have already deployed a 3G network. The current proposal disadvantages RCA members that have already spent significant funds developing 3G networks in rural, high-cost and underserved areas.

Cellular South also discussed the inherent harms of reverse auctions to distribute universal service support. Reverse auctions encourage anti-competitive conduct and anti-competitive incentives to participate, including blocking support to competitors or off-setting contributions. Reverse auctions perpetuate a monopoly, at the expense of market-based competition, innovation, consumer choice, competitive prices and new technology. As an alternative to reverse auctions, RCA and Cellular recommended the FCC use a cost model to target support. A properly-structured model that does not stifle competition and promotes competitive and technology neutrality would provide appropriate investment incentives, increase competition, and help to control the growth of the fund. A model would alleviate an expensive regulatory regime of reviewing costs and expenses and regulating rates.

RCA files this *ex parte* notification electronically with your office, pursuant to Section 1.1206 of the Commission's Rules.

Sincerely,

/s/

Rebecca Murphy Thompson
General Counsel

cc: Ruth Milkman
Jim Schlichting
Margaret Wiener
Rebekah Goodheart
Nese Guendelsberger
Katie King
Paul Murray
Tom Peters
Patrick DeGraba
Ben Moncrief
Eric Graham